

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

Securities and Exchange Commission,

Plaintiff,

v.

Case No. 16-cv-9947 (VEC)

Iat Hong, Bo Zheng, and Hung Chin,

Defendants,

and

Sou Cheng Lai,

Relief Defendant.

SUPPLEMENTAL DECLARATION OF RICKY SACHAR

I, RICKY SACHAR, pursuant to 28 U.S.C. §1746, declare as follows:

1. I am a member in good standing of the bars of the state of Maryland and the District of Columbia. I am employed by Plaintiff Securities and Exchange Commission (“SEC” or “Commission”) as an Assistant Director in the Division of Enforcement in the Commission’s Home Office in Washington, D.C.
2. Except to the extent otherwise stated, I have personal knowledge of the matters set forth in this declaration, and, if called as a witness, I could and would competently testify under oath to the facts stated herein.
3. I make this supplemental declaration in further support of Securities and Exchange Commission’s Motion to Convert Temporary Restraining Order to a Preliminary Injunction and Extend Ancillary Equitable Relief.
4. On December 25, 2016, Defendant Iat Hong – in connection with a parallel criminal investigation conducted by the United States Attorney’s Office for the Southern District of New York (“USAO”) – was arrested in Hong Kong and remains in custody there awaiting possible extradition to the United States. On December 27, 2016, the USAO unsealed an indictment against Defendant Hong and the two other Defendants named in this matter, Defendant Bo Zheng and Defendant Hung Chin.
5. As detailed in the Sachar Declaration filed on December 27, 2016, Defendant Hong used several trading accounts in connection with the fraudulent scheme alleged in the Complaint,

including accounts at Interactive Brokers, LLC and BOCI Securities, Ltd. Some of those accounts were in the name of his mother, Relief Defendant Sou Cheng Lai.

6. Defendant Zheng also used several accounts in connection with the alleged scheme, including accounts held at Scottrade, BOCI Securities, and CMB Int'l Limited.
7. Defendant Chin used at least one known account in connection with the alleged scheme, an account held at BOCI Securities.
8. On December 27, 2016 at approximately 12:15 p.m. EST, the Court issued the Order Granting *Ex Parte* Application for Temporary Restraining Order and Ancillary Equitable Relief and Order to Show Cause on a Preliminary Injunction (the "Order"). Attached to the Order as Exhibit A was a list of the Defendants' and Relief Defendant's accounts that were subject to the Order.
9. On December 27, 2016, at approximately 2:11 p.m. EST, a representative of Scottrade contacted Commission staff and informed us that Defendant Zheng had issued a request to transfer approximately \$50,000 out of his brokerage account ending in *0256. This is an account that the Commission alleges was used for trading in the fraudulent scheme, and it is listed on Exhibit A to the Court's Order. As reflected in account records obtained by Commission staff working at my direction and under my supervision, this was the first time Defendant Zheng had attempted to access or use this account in several months.
10. Scottrade ultimately did not honor Defendant Zheng's transfer request because the Commission had sent Scottrade the Court's Order on December 27, 2016 at approximately 3:20 p.m. EST.
11. On the evening of December 27, 2016, the Commission staff sent the Order to all of the offshore banks and brokerage firms listed on Exhibit A of the Order, including BOCI Securities. The Order was faxed to BOCI at 5:18 p.m. EST.
12. On December 28, 2016, at approximately 10:50 p.m. EST, Commission staff was informed of recent activity in Defendant Chin's BOCI Securities account ending in *6696.
13. In particular, at 9:25 p.m. EST on December 27, 2016, Defendant Chin requested to withdraw approximately \$195,000 U.S. dollars from the *6696 account and transfer it to his account ending in *6844 at the Bank of China. This transfer was effected at approximately 1:30 a.m. EST on December 28, 2016.

I declare under penalty of perjury that the foregoing is true and correct.

Executed: January 6, 2017

Washington, D.C.


Ricky Sachar